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ABSTRACT

The executive summary of a three-volume study of the role of sheltered workshops in the rehabilitation of the severely handicapped includes a brief description of the research that was undertaken in the project and a summary of the study's findings. Site visits to 400 sheltered workshops throughout the country formed the basis for the study. The study's eight sections discuss the following subjects: (1) the project's origins and research approach; (2) the state of the art and the workshop universe; (3) the clientele of the workshops and the manner in which they became clients; (4) programs and services offered by sheltered workshops; (5) workshop staffs; (6) workshop finances and wage payments; (7) workshops' impact on their clients; and (8) interesting concepts utilized in foreign and innovative domestic projects related to workshops. The summary concludes with specific recommendations based on the strengths and weaknesses determined from the overall assessment. (Author/JR)

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THE ROLE OF THE SHELTERED WORKSHOPS IN THE REHABILITATION OF THE SEVERELY HANDICAPPED

Volume I - Executive Summary

July 1975

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U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
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I. INTRODUCTION

This is the executive summary of a three-volume report entitled The Role of Sheltered Workshops in the Rehabilitation of the Severely Handicapped. Volumes II and III contain the data, as well as detailed analyses, conclusions, and recommendations.

The executive summary has been prepared for the reader who is interested in a general overview of the entire study. It includes a brief description of the research that was undertaken, a summary of study findings, and a distillation of the researchers' conclusions and recommendations. The following is a sequential listing of the areas of concern that are reviewed in subsequent sections of this summary.

1. A description of project origins and the research approach to the project.

2. A summary view of the state of the art and the workshop universe.

3. A discussion on who are the clients of sheltered workshops and the manner in which they became clients.

4. A delineation of the programs and services offered by sheltered workshops.

5. An insight into who staffs workshops.

6. A picture of workshop finances and wage payments.

7. A discussion of workshops' impact on their clients.

8. A look at some of the interesting concepts utilized in foreign and innovative domestic projects related to workshops.

9. A synopsis of study conclusions and recommendations.

A. Background and Origin of the Study

In its amendments to the Rehabilitation Act in 1973, the Congress mandated that the Secretary of Health, Education, and Welfare (HEW) see to the conduct of "an original study of the role of sheltered workshops in the rehabilitation and employment of handicapped individuals, including a study of wage payments in sheltered workshops." Issues for study were specified in a resolution of the Committee on Labor and Public Welfare of the U. S. Senate, and approved

by the Committee on Conference. The specifications were translated into a Request for Proposal by the Social and Rehabilitation Service, now the Rehabilitation Services Administration of HEW. Following review of the proposals of competitive bidders, a contract to conduct a specific study of sheltered workshops was awarded to Greenleigh Associates.

B. Objectives of the Study

The purpose and objectives of the study were related to the ultimate goals of: improving services and employment opportunities available to the severely handicapped, who typically are workshop clients; and insuring that public funds allocated for this purpose are directed toward the most appropriate resources. The overall purpose of the study was to determine:

> ... whether sheltered workshops are playing an effective role in the rehabilitation, training, and placement of severely handicapped individuals, and what changes need to be made to provide more employment opportunities for the severely handicapped within and outside the sheltered workshop system.

The scope of the study included the following issues and objectives.

1. An assessment of professional practices, as well as management and employment practices within workshops, and of interactions between the workshop and the community and the workshop and state/federal agencies.

2. A determination of client and workshop characteristics.

3. An assessment of the effectiveness of current workshop systems and its relation to client and workshop characteristics.

4. A determination of current and alternative roles for workshops.

5. An exploration of variations in sheltered training and employment to be found in industry and government.

6. A determination of alternative methods for providing training and employment services to the severely handicapped.

The study was predicated on the underlying assumption that most handicapped individuals are work-oriented--that they aspire to be self-supporting, to pursue lives as similar to those of the nondisabled as possible, and to eventually find employment in the competitive labor market. It was thus assumed that a

workshop's goal is to facilitate attainment of such objectives by the disabled--through assisting them to develop their capabilities to the maximum degree that is consistent with their physical and mental well-being.

C. Study Approach

The basic research approach was to study a sample of 400 sheltered workshops, which were selected on the basis of their representativeness of the types of workshop experiences most likely to be encountered by clients entering workshops. The sample was structured to obtain a representation of all sizes of workshops, as well as workshops with various types of certification and workshops serving major disability groups. A geographic spread was maintained in the sample so that all regions of the country would be well represented. Workshops then were randomly selected for inclusion in the study from among those in the above-mentioned categories.

At the core of the study were site visits to the 400 workshops in the sample. These visits involved interviews with directors, other staff members, clients, and board members of the workshops, as well as community representatives; they also involved data gathering, from workshop records and client files. Information was collected on workshop programs, staff, sponsorship, wages, finances, capacity, caseload, and clientele. All data have been reported in aggregate and anonymous terms; neither clients nor workshops are identified. All information has been held confidential.

To protect the rights of individuals, client records were abstracted and clients were interviewed only after the purpose of the study had been explained and the informed consent of the client and guardian had been obtained. Clients were asked about their experiences in the workshops, work histories, living and support arrangements, expectations, and attitudes about the workshop experience. Client case records were abstracted for information concerning source of referral, type and severity of disability, diagnosis and prognosis, records of services rendered, wage patterns, work assignments, and the general patterns of change in any of these factors. If the clients had been terminated, information was sought on reasons for termination, placement success, wages at placement, and further follow-up data.

Community representatives from labor, business, education, philanthropy, and social services were interviewed about the roles and activities of workshops in many of the sites in the study.

There were several supplemental investigations to supplement the basic study of the workshops. The federal/state vocational rehabilitation system was examined through interviews and questionnaires to regional offices of RSA and to state departments of vocational rehabilitation and separate state agencies for the blind. An international comparison of workshop systems or their equivalent was made through field visits to nine nations, in which data were sought on parameters comparable to those being researched in the domestic study. A literature review was undertaken to establish an account of the current state of the art in the workshop field. Review and observation visits were made to 20 innovative or exemplary programs in the United States, including those which had established some alternatives to sheltered workshops.

The data and other information thus gathered were tabulated and, using electronic data processing for the most part, they were analyzed to provide not only descriptive and quantitative information about the workshops and their clients, but also to probe the impact of the workshop experience on the clients--with respect to their rehabilitation, job placement, and earnings--and to assess the returns to society for the resources it invests in sheltered workshops.

The results of this data analysis process are synopsized in this executive summary, along with the conclusions and recommendations emanating therefrom.

II. AN OVERVIEW OF THE WORKSHOP FIELD

A. Definition of Sheltered Workshops

The variety and range of operations found under the rubric "sheltered workshop" is staggering. The common denominator of sheltered workshops is the provision of remunerative work to handicapped individuals on a nonprofit basis. Client rehabilitation, placement in employment in the competitive sector, or long-term sheltered employment may be the goal of a specific workshop's endeavors. However, all three objectives also may be the goals of one workshop.

Under the authorization of the Fair Labor Standards Act (FLSA), certificates of exemption from the minimum wage are provided by the Department of Labor to nonprofit sheltered workshops serving to promote the employment of the handicapped. There are five types of exemption certificates. For regular work programs, the first type, DOL requires that at least 50 percent of the minimum wage be paid. For evaluation, training, and work activities center certificates (authorized by 1966 amendments to the FLSA), there is no minimum. For individual exemption certificates, 25 percent of the minimum wage is the base.

The National Association of Sheltered Workshops and Homebound Programs, in 1968, defined sheltered workshops as follows:

> A sheltered workshop is a nonprofit rehabilitation facility utilizing individual goals, wages, supportive services, and a controlled work environment to help vocationally handicapped persons achieve or maintain their maximum potential as workers.

While all workshops serve handicapped individuals, work activities centers must serve those so severely disabled that their productive capacities are inconsequential.

B. Distribution and Classification of Workshops

There has been a tremendous increase in the number of workshops certificated in the past decade. Department of Labor certification lists indicate that 2,766 certificates were held at the end of the second quarter of 1975 (compared to 885 certificates at the end of 1966). It should be noted, however, that these figures somewhat overstate the number of organizations operating workshops, since each branch location is issued a separate certificate.

Of the 1,700 facilities for which prior information could be obtained, there were: 129 workshops for the blind; 303 for the mentally ill and mentally retarded; 841 work activities centers only, which serve all disabilities but which have a high proportion of retarded clients; and 427 general workshops, which serve a mixture of disabilities with no single disability predominating. Workshops are located throughout the country, but they are particularly numerous in the Great Lakes area (Federal Region V) and in a few of the most populous states.

The most remarkable increase within the sheltered workshop field has been in the number of work activities centers, which now comprise nearly one-half of the 1,700 workshop organizations and more than one-half, if all separate locations are considered. The number of clients in workshops at the time of application for certification in 1975 was two and one-half times as great as in 1966, according to Department of Labor figures.

C. Relation to the Federal Government

Sheltered workshops primarily are affected by governmental agencies through the federal-state vocational rehabilitation system. The major flow of federal funds to workshops is through RSA on a grant-in-aid basis to state vocational rehabilitation agencies (DVRs) and state agencies for the blind (SABs). These funds are made available to workshops on a fee-for-service basis. There is also a federal-state grant program, through which direct grants can be made for construction, expansion, or improvement of facilities, including staff development, and training. Over four-fifths of the workshops studied had some form of relationship with DVR or SAB.

More and more, workshops are receiving income under the Developmental Disabilities Act, usually through state departments of health and/or mental health. The Wagner O'Day Act is another piece of federal legislation impacting on sheltered workshops. This act, in order to promote the employment of the handicapped, provides conditions under which sheltered workshops may receive priorities in providing commodities and services to the government.

Aside from the Department of Labor's role in certificating workshops, the workshops have little in the way of a regular relationship with other federal agencies or programs. There are no national standards regarding workshop qualifications to receive funds under this system. The comprehensiveness and consistency of state standards varies considerably. There often are no articulated predetermined criteria for workshops receiving fees for services or referrals of clients.

D. Other Information

The average workshop studied had been in operation for 10 years; workshops for the blind averaged over 20 years in age; while work activities centers and the smaller shops tended to be newer. There was no indication that workshops tend to centralize; rather, the trend was toward smaller workshops. Over four-fifths of the workshops studied were operated by private, nonprofit organizations, although most received governmental funds from some source.

III. CLIENTS OF SHELTERED WORKSHOPS

A prerequisite of acquiring an understanding concerning any service institution is the development of an awareness about its clientele and an understanding of the means by which clients are brought into service participation. The following are projections, based on the study sample, about the size of the clientele of sheltered workshops. Client characteristics and sources of referral are described subsequently.

Greenleigh Associates estimates that over 410,000 persons are served in all workshops annually. The total daily caseload averages 174,000; on any one day, there are 140,000 of these clients in attendance. It is also estimated that over 180,000 persons are terminated from all workshops annually. Nonetheless, even using the most favorable definitions of workshop utilization, it was found that current workshop physical facilities are sufficient to serve one person more for every three persons now served. Nonetheless, this is a large unserved target population.

There is no doubt that the clients entering most workshops are severely disabled, and that they thus have limited employability. The individual most likely to be found in a sheltered workshop is a person with a mental or emotional disorder or retardation. Mental retardation is the primary disability for 53 percent of the clients studied, and mental illness for another 19 percent; 10 percent are primarily disabled by blindness. Nearly half of the clients have some form of secondary disability. Over one-fourth of the clients are seriously hampered in their functioning; they are unable to travel independently in the community. A similar number are unable to manage their own food preparation. (These groups probably are not mutually exclusive.)

The workshop clients also evidenced limited employability because of limited education and work experience. Nearly one-third of those studied had attended ungraded special education classes; another 16 percent, at best, had received a seventh-grade education. Only one-fourth had completed high school or the equivalent. Slightly over one-fourth of the clients studied had worked prior to entry into the workshop; of these, 70 percent had been employed in the service occupations, or in unskilled or low-skilled jobs.

At the time of entry into the workshop, most clients were single and lived with their families: however, approximately one-fifth lived in institutions or congregate residences and another one-fifth had their own residences. Only 1 in 20 clients relied on own earnings for primary support. One-half relied on their families, and almost as many used some form of public benefits as their primary source of support.

While most of the clients who were interviewed about their workshop experiences indicated satisfaction with the services and programs of the workshop, they did state that they had not participated in decisions concerning their programs. It is also important to note that most of the clients believe that they are being prepared for competitive employment and that they will be placed in such jobs "in the near future."

A bare majority of the clients in sheltered workshops are referred there by DVR. Public hospitals and clinics comprise the next most common source of referral, with a mere 10 percent; 9 percent of the clients were referred by schools or educational institutions. The workshops themselves do almost no direct outreach to potential clients; only a negligible proportion of their clients are recruited in that way.

For use in this study, client data were categorized according to the basic purposes for which the clients were in the workshops. The categories thus derived were: sheltered client, a long-term employee who was in the workshop, under a regular work program certificate, over two years: transitional client, who was in the workshop, under a regular work program certificate, less than two years; a training or evaluation client, under a training or evaluation certificate, who also was generally referred by DVR; and work activities center clients, who are clients of any type of workshop but who are covered by work activities certification.

Using these categorizations, it was found that the largest single group of clients in the average workshop is comprised of those covered by the evaluation and training certificates. The next largest group is comprised of those under regular work program certificates; the next, those under work activities certificates. Since evaluation and training usually are paid for by DVR (occasionally, by other agencies), it is clear that DVR has a major influence on the "character" of the workshops.

IV. PROGRAMS AND SERVICES OFFERED BY SHELTERED WORKSHOPS

Workshops offer basic service programs related to employment, and auxiliary service programs related to general rehabilitation and assistance to the individual client. Basic service programs may include: evaluation, adjustment, training, remunerative employment, and placement. Supportive service programs may include: habilitation, social services, counseling, medical services, recreation, remedial education, and a wide range of other human services.

All workshops offer clients remunerative sheltered employment by the definition used in this report--there is some paid work in all workshops. A small number of sampled workshops (5 percent) only offer remunerative employment. However, the average workshop offers 10 different programs or services to its clients. As might be expected, the larger the workshop, the more programs it is likely to have.

After remunerative work, the workshop client is most likely to receive work evaluation from the workshop. This service consists of an assessment of the client's current and potential work capabilities. The tests used in providing this service vary from sophisticated evaluative batteries to simple observations of the client's performance of selected work tasks. Clients referred for evaluation, by DVR for example, either may be returned to the agency for training or placement or sent to another part of the workshop.

Personal adjustment training is the next most common service received by clients. This service program is aimed at assisting the handicapped to adjust to the demands of routine, personal relationships, pressures, and other demands of work and the environment.

Placement readiness training is an important service program that is offered to about half of the workshop clients. This program attempts to prepare clients for the process of obtaining employment. It includes training in the techniques of job finding, the use of referral resources, how to handle the job interview, and personal presentation and appropriate behavior in the interview or job search. It usually involves role-playing and, in sophisticated form, it may include visual aids (videotapes, films) and trial situations.

Occupation-related training is offered to a minority of workshop clients. Such training is defined here as experiential preparation for a specific industry, service occupation, or manufacturing process. It is not necessarily vocational skill training; it is also more specific than on-the-job training (OJT) in the facility, which is the more common method of training workshop clients. (OJT generally is conducted in the production area of the workshop, which may or may not have direct resemblance to production processes outside the workshop.)

The most common non-directly-work-oriented service offered by workshops is habilitation, or the activities-of-daily-living program. Habilitation is particularly oriented toward the mentally retarded and some groups with other severe handicapping. It involves self-care, housekeeping chores, shopping, and other basic personal management of one's daily living. This is an even more common program in the work activities centers.

Although workshops report having a variety of service programs for clients, the depth and quality of these programs is called into question by the small amount of professional staff funds that is allocated to these programs in most workshops. The average workshop spent about $7,000 per year on professional staff for its evaluation program, and a similar amount on professional staff for its training program. This indicates that both services may often be conducted by nonprofessional staff, i.e., the production supervisors. This further indicates that evaluation, in fact, may be situational assessment conducted by supervisors, and that training largely is supervised work experience.

V. STAFFING OF WORKSHOPS

A. Staff Members

The average workshop employs 1 staff member for every 5 clients.

The size of an ayerage workshop staff is between 6 and 20 staff members. The median staff size is 16.

The majority of staff members are nonprofessional personnel. This includes production and clerical staff members.

B. Workshop Directors

Most workshop directors--60 percent--have had some prior rehabilitation experience. The remainder have a variety of backgrounds, including business, social services, the ministry, and the military.

The majority of workshop directors have also had some form of prior experience in one or more aspects of business management.

Directors of work activities centers are the most likely to have rehabilitation backgrounds.

VI. WORKSHOP FINANCES AND CLIENT WAGES

One of the major areas of interest to the Congress and to RSA is the level and adequacy of client wages, and methods of increasing client incomes. This chapter summarizes study data on this area, as well as on workshop incomes and expenditures, and on workshop costs.

A. Client Wages

It is estimated on the basis of data collected that, upon entry into a workshop or work activities center, the client was paid an average of 50 cents per hour, and that this had reached nearly 75 cents by the time of the study. The visually impaired and amputees were likely to enter workshops at higher wages; they maintained a favorable differential throughout their stay in the workshop.

Current wages in workshops vary by type of workshop and the status of the client. At the time of the study, the averages ranged from a high of $1.78 per hour (earned by sheltered--long-term--clients in workshops for the blind) to a low of $.36 per hour (earned by WAC clients in free-standing work activities centers). General workshops, which serve a mix of disabilities, paid long-term clients an average of $1.31 per hour, while workshops for the mentally ill and mentally retarded offered 99 cents per hour to their long-term clients. Most workshops pay their clients on a piece-work basis, and in some way review the rates and wages three or four times each year.

The significance of these hourly earnings can better be assessed if one determines the likely annual earnings of workshop clients. Workshops for the blind paid out an average of $2,610 for each client per year; the corresponding amounts were $2,010 in general workshops, $1,030 in workshops for the mentally ill and retarded, and $520 in work activities centers. Clients in regular work programs generally worked about 30 hours per week and those in work activities centers averaged between 15 and 20 hours of work each week.

It is clear that these annual earnings do not obviate the need for other sources of support for disabled workers in sheltered workshops. During their stay in the workshop and at termination, a large number of clients continue to rely on some form of public benefits and/or their families for primary or supplemental sources of support. Indeed, the majority of those who had left workshops still considered another family member to be the main breadwinner, and over one-third relied on some form of public benefits as their major source of support.

Most of the workshops do cover their clients with such basic fringe benefits as Social Security--70 percent--and Workmen's Compensation--82 percent. Paid vacations and holidays are also offered by about two-fifths of the workshops. Sick leave, insurance benefits of all kinds, and unemployment compensation are seldom available to clients. However, staff do receive all of these benefits in the majority of workshops.

Nearly one-fifth of the workshops reported that they subsidize client wages. This was primarily for the purpose of bringing earnings under the piece-rate scheme up to the hourly earnings level that is specified in the wage certificate applicable to the client. Many workshops reported using special incentives--often, nonmonetary "payments"--to reward good production or to reinforce desirable behavior.

It is difficult to assess the relation between wages paid in workshops and those paid for comparable work elsewhere, since it was found that work performed in workshops is seldom comparable to that in the competitive sector. Jobs allocated to workshops are generally so low skilled, tedious, unrewarding, and unremunerative, that they are seldom found in the competitive sector. Frequently, the operations are so inefficient that, if employers had to pay full labor costs, they would automate the process instead. Jobs subcontracted to sheltered workshops are generally beneath the level of work desired by organized labor; they also are too low skilled for an employer to divert his expensive labor to those tasks. Even where end products are comparable, the production process in the workshop is likely to be less efficient than that in the competitive sector; equipment is more antiquated, and job components are differentiated among a number of workers of varying skill levels. Thus, it can be seen that sheltered workshop clients are relegated to a secondary labor market status.

B. Workshop Incomes and Expenditures

Workshops receive income from their business undertakings, from the provision of services to clients referred from other agencies, and from contributions, bequests, and other charitable sources. The major type of business in which workshops engage is subcontract manufacturing, although they also engage in prime manufacturing, service operations, and salvage and reclamation. It is estimated on the basis of the data that workshops in the United States exceeded a billion dollars in income during the reporting year. More than half of that income came from their business operations; about 8 percent from charitable sources; the remainder from either grant or fee-for-service income (generally from government agencies).

Most workshops seem to assign a staff member, either part time or full time, to the function of obtaining business; a substantial number rely on the workshop director to bring in business. The methods of contract procurement are varied; competitive bidding, direct solicitation, long-term contracts, and Wagner O'Day provisions all are used by substantial numbers of workshops.

It is projected that the total of expenditures during the reporting year by all workshops amounts to nearly one billion dollars. Wages and salaries comprised 60 percent of this amount. Less than one-fourth was expended on other direct costs, generally the purchase of raw materials. Less than one-fifth was used for overhead expenses. A small amount of capital expenditure was also made.

Of the projected $600,000,000 wages-and-salaries expenditure, an estimated $180,000,000 was spent on client wages; $331,000,000, on staff salaries. (Consultant fees and fringe benefits for staff and clients account for the remainder.) The disparity between the total amount spent on client wages and that spent on staff salaries, in part, is accounted for by the increased number of clients in evaluation and training. The addition of clients in these categories, in which wages are minimal and more staff—usually professional staff—are required, serves doubly to increase the differential.

More than one-fourth of the workshops ran operating deficits but, on the whole, the average workshop comes fairly close to breaking even at the end of the year. Work activities centers and workshops that primarily serve the mentally ill and retarded have the lowest client wages; it also appears that they are most likely to have operating surpluses, figuring on a cash-flow basis. Contrary to conventional wisdom, smaller workshops were, if anything, more likely to have operating surpluses than larger workshops.

C. Working Costs

A public cost was calculated for workshops by subtracting total expenses from total business income. Public cost can be considered to be the cost of rehabilitation; it must be borne by the public in some way, either through contributions, service fees, or direct grants. This is not to imply that these costs did not generate benefits, it simply indicates the extent to which workshops, with their current expenditures and business volumes, are dependent upon other sources for operating income. Public costs per client were found to be greatest in the workshops for the blind ($2,200 per client per year) and least in general workshops and those specializing in providing services to the mentally ill and retarded ($700 and 800, respectively). Work activities centers also had lower public costs--$1,000 per client.

Workshop income on a per-client basis is another way of analyzing workshop resources for serving clients and defining how much it "costs" to serve clients. The overall average income available to the workshop for a client for a year is projected to be $3,300. Workshops for the blind have much more income available--$8,870 per client year.

In view of the general concern in the Congress and other places about the level of client wages, there are many questions about whether workshop business practices as they now operate can be expected to yield the revenues necessary to meet production costs, overhead, and the production-related staff costs, and still increase the earning levels for clients in the workshops. If client wages are actually based on productivity and pricing is accurately related to costs, then it would appear that there are hidden rehabilitative costs in the operation itself--costs that the workshops probably cannot be expected to meet through business income. It is also possible that workshops are underpricing in order to obtain contracts, or that some clients are being paid in excess of their productivity--either for rehabilitative purposes or to simplify paperwork. A final and very probable explanation is that workshops, on the average, do not have the business expertise necessary for undertaking rational pricing, contract procurement, production standards, and other measures to improve the business operations so clients could be enabled to reach higher earning levels.

VII. THE IMPACT OF SHELTERED WORKSHOPS

Several measures were used to determine the extent to which the sheltered workshop produces favorable outcomes for its clients. The first, and most obvious, is the extent to which workers are placed in jobs in the competitive sector. The next is the extent to which workers are helped by having the number of their problems reduced. The extent to which clients are helped to achieve a greater measure of self-support is still another.

Subsequently, specific factors in client profiles and workshop experiences were related to the favorable and unfavorable outcomes. Finally, the workshops themselves were evaluated in terms of their rehabilitative success (placement) and their business success (siness income per client).

A. Placement in Competitive Employment

A total of 13 percent of clients enrolled in sampled workshops were placed in a year. It is projected that the universe of workshops place 10 percent of clients served in a year. Considering only regular workshops, the projected placement rate is 13 percent. The placement rate in WACs and workshops for the blind is 7 percent, but these organizations are not considered to be organizations that primarily seek to place clients. Larger workshops place more clients than smaller workshops, but no difference was found regarding placement rate. Only 5 percent of sampled workshops placed 30 percent or more of their clients.

The proportion of evaluee-trainee daily attendance to total client daily attendance is highly related to placement success, and the proportion of professionals to total staff is related to higher placement rates in regular workshops. This suggests that workshops which are relied upon for evaluation and training and which have the professional staffs to deliver such service do have more effective placement.

The relationship of both business orientation and number of programs and services to placement success in workshops for the blind suggests a working hypothesis that a dual system operates. Placement is enhanced in workshops for the blind that do provide more programs and services and that have more professional staff. Most workshops for the blind are not rehabilitation oriented however; among these facilities, the more extreme business orientation leads to more, not less, placement.

By far the most common type of employment for sampled terminees is low-wage-level service jobs. However, nearly 20 percent of those placed did receive jobs in manufacturing, an area probably more closely associated

with the training that they received. Clients generally are employed at or near the minimum federal wage rates, probably constituting a secondary labor force. However, physically disabled clients are able to attain higher paying jobs. Males do tend to receive slightly higher paying jobs than females. One-third of terminees whose records were available received less than the minimum wage upon finding employment.

Placement readiness training makes a tremendous difference in distinguishing terminees who gain competitive employment from other terminees. A majority (56 percent) of terminees who were rated as low vocational capability at intake were placed if they received placement readiness training.

The vocational capability rating was highly related to probability of placement among terminees. While high vocational capability was an advantage for those who had placement readiness training, limited vocational capability was related to more placement (as opposed to high or low capability) among clients who did not receive placement readiness training. (Less probability of placement for those rated as high capability is attributed to the fact that they are seeking higher level jobs, which are less accessible to the handicapped. However, placement readiness training appears to improve the accessibility.)

Severity of disability, as measured by number of independence limitations (e.g., dressing, mechanical aids, not living in own residence) was strongly inversely related to placement for clients who did not have placement readiness training. Terminees with physical disability and the higher-functioning mentally retarded were more likely to be placed than clients with other primary disabilities.

B. Business Success of Workshops

Workshops for the blind achieve more business income per client than other kinds of workshops. Using this measure, WACs are no less successful than regular workshops. However, business success, measured as business income per producing client, was difficult to explain by any of the variables hypothesized in this study. Workshops that tend to be business oriented and depend on business income for a relatively high proportion of their total incomes also tend to have a higher business success ratio than other workshops.

Business success in regular workshops was also related to more specialization (fewer different types of jobs) and a high number of programs and services. The programs-and-services aspect of workshops does not operate separately from the business orientation, which is demonstrated by the fact that they are not negatively correlated. Rather, the high number of programs and services may enhance the probability of success that the business orientation itself also yields. On the other hand, it could also be operating to prevent non-business-oriented workshops from being even less successful in business.

C. Problem Reduction

Close to one-half of sampled terminees showed a positive change in a measure of problem reduction. This indicates that considerable rehabilitation other than placement occurs, although a considerable amount of this change is due to a change in rated vocational capability. Problem reduction occurs more often among clients with high-or-low-rated vocational capability (at intake) than among terminees initially rated as having "limited" potential. Those with high potential have the highest rate of problem reduction; those with low potential are next; those with limited potential follow. This indicates that the highest-functioning clients are most easily helped and that the lowest-functioning, because of the very multitude of their problems, are bound to exhibit some problem reduction.

The number of programs and services experienced was positively related to greater problem reduction. Thus, the various rehabilitation programs do have an effect on client improvement. Problem reduction is far more common among regular workshop terminees than among free-standing WAC terminees, even for low-capability clients.

D. Increase in Self-Support

Of all sampled clients, 37 percent have changed their support status since intake from some other primary source of support to self-support. While workshops are able to move some clients away from dependence on other primary sources of support, they apparently help even more clients to avail themselves of those benefits for which they are eligible. (Clients may have been unfamiliar with these benefits and/or unaware of their eligibility.) Thus, there is less dependence on families as primary sources of support and greater dependence on self and government benefits after the workshop period.

While analysis was unable to explain much of this change, the fact of living in one's own residence at intake made a strong difference in the likelihood of increased self-support--possible because of motivation for maintaining the residence, or because these were higher-functioning clients initially. Own residence was especially important for visually impaired clients, among whom change to self-support may have been at least partly attributable to the relatively higher wage levels paid in workshops for the blind.

Occupation-oriented training or specific vocational skill training was related to more change in self-support especially for those clients who had attended ungraded or special education classes. Without occupation-oriented training, special education graduates are not as likely to become self-supporting as are clients who had attended regular graded classes. This finding would seem to support the recent trends in education toward integrating disabled students into the regular school system.

E. Costs and Benefits in Sheltered Workshops

Benefits based on sampled clients in workshops exceed costs by $1.31 for each dollar invested under the most conservative discount rate (13 percent). Assuming one-half that rate, the per-dollar benefit is $1.95; while, with no discount rate, the benefit would be $4.15.

Thus it is concluded that workshops yield a positive benefit to society for the money invested.

VIII. ALTERNATIVES: THE INTERNATIONAL AND INNOVATIVE STUDIES

A. International Substudy

Some of the major issues and implications that can be derived from the site visits to nine nations are reported in this chapter. The following are among the most interesting of the findings from these international observations. The level at which the governments are committed to the handicapped in workshops is higher than in the United States--in spite of the fact that the handicapped are more severely disabled and regarded as having less competitive employment potential than those in the United States. Workshops are used for long-term, extended, or permanent employment rather than for service delivery or rehabilitation. Incomes of sheltered workers are augmented through subsidies to the workshop or through public benefits. There is near parity between wages paid in subsidized workshops and those paid in competitive employment. In some of the apparently most successful sheltered-employment schemes, government work is used or the government is used as the employer.

Many of the countries visited have a governmental commitment to full employment. They take far-reaching measures to protect the worker from redundancy. They are accustomed to governmental intervention in the labor market in order to achieve these ends. It is against this background that the treatment of the handicapped should be regarded.

In the majority of the countries visited, the work ethic is very strong. This results in the conviction that any handicapped person who wishes to work, regardless of his handicap, is entitled to a job. In some cases, the government creates or reserves positions or work units for the handicapped, serves as employer of last resort, or provides incentives for the employment of the handicapped in competitive positions.

It is possible to regard the handicapped as clients of a social service system, who require a broad range of medical and social services; and to think of sheltered work as an extension of social services, with income subsidized as a form of welfare payment. Conversely, it is possible to regard the existence of large numbers of handicapped persons who want to work as a manpower problem--viewing them as that part of the labor force which is largely unemployed, and for which integration into the labor force and the economy should be achieved. To further the treatment of the handicapped as members of the labor force, the income of the handicapped is supported, as much as possible, to approximate the level of a normal worker's income rather than that of a welfare payment recipient. Income maintenance payments for the handicapped who become

unemployed or who become handicapped while employed are made through long-term workmen's compensation benefits and through long-term unemployment insurance benefits. In some cases, workshops are heavily subsidized in order that competitive wages may be paid to the handicapped--or arrangements are made to assure the ability of the workshops to pay adequate wages.

Many countries have made a substantial commitment, both philosophical and financial, to the right of the handicapped to work and to be regarded as members of the labor force. On the basis of the international site visits, we are in no position to make a comparative evaluation of other systems. However, from the testimony presented to the analysts, it appears that those nations that make every effort to regard the handicapped as part of the productive work force report considerable satisfaction with their systems and also report a greater commitment, both philosophical and financial, to the self-realization of the handicapped.

1. The Role and Function of Sheltered Workshops

Almost without exception, sheltered workshops in the nations visited are not assigned the range and multiplicity of functions that are common in the United States. Most particularly, functions of evaluation, training, and work activities are not part of the role of their workshops. Placement, or even preparation for competitive employment, is not a function or objective of workshops in most cases.

Evaluation, or assessment, generally is conducted at rehabilitation units or centers, often on a regionalized basis. For the evaluation process, referrals may be made to training, further therapy, placement, or sheltered workshops. (In some cases referrals may be made to day activity centers--essentially out of the labor market.) In other cases, referrals will be made directly to the workshop from the therapeutic agency or from the training agency.

Thus, theoretically, those referred to the workshop are those who have been assessed as having no probable potential for competitive employment, even with training or further rehabilitation. In most cases, the workshop is considered to be a place of employment on a long-term, perhaps permanent, basis. This is not to say that the individual worker/client is cut off from further services, since these may be offered either adjacent to the workshop in the case of a large center, or on a regional basis in other cases. However, the chief function of the workshop is productive and remunerative work--whether through subcontracts, prime manufacturing, or the provision of contract services.

2. Characteristics of the Handicapped Served by Workshops

Observations of the consultants, borne out by available data, indicated that the individuals in workshops abroad are considerably more handicapped than those individuals likely to be found in workshops in the United States. This is understandable if the workshops abroad are used as places of employment for those too severely handicapped to have any probable potential for competitive employment.

A major controversy among some persons engaged in rehabilitation and workshop operations is whether the handicapped with different disabilities should be integrated in workshops or served by separate establishments. The general trend is toward serving all the handicapped in the same workshops or sheltered work settings.

The countries visited are experiencing the same phenomenon as is the United States with regard to the rapidly increasing number of mentally ill and mentally retarded persons being served by sheltered workshops. In many cases, these are now the majority of all clients, whereas a decade ago they were substantially outside the system.

Several of the countries in the study have classification schemes for the handicapped that are more articulated than those used in the vocational rehabilitation system in this nation. In such cases, there are nearly always minimum and maximum capacity levels with regard to eligibility for participation in sheltered work.

3. Funding and Sponsorship of Sheltered Workshops

Because of the need to establish more sheltered employment opportunities wuickly, there is a trend toward more public operation of sheltered workshops. In some countries, most sheltered employment is actually public employment on government projects. In some countries, most workshops are operated by private, nonprofit organizations with government subsidies.

Regardless of operating auspices, it is clear that workshops in the countries visited are heavily subsidized by the national government. In one country, the state-federal matching-grant system was used, with the federal share being 80 percent. Matching grants were available for certain operating expenses, as well as for construction and start-up. Many nations provided a system of financing that involved subsidies to the workshops for covering operating expenses or payrolls--frequently based on making up the difference between income and expenses of the workshop. In nearly all nations visited, the national government's financial commitment to the handicapped in sheltered employment is significant.

4. Alternative Forms of Sheltered Employment

Several interesting alternatives to employment in workshops were observed. These included enclaves in private industry, public employment programs, and a scheme of "social employment," with the government creating and operating factories and other places of employment that produce goods and services for both the public and private sectors.

The enclaves were found to be successful where they had been tried. A group of the handicapped worked as a unit under special supervision in an otherwise undifferentiated work setting. Wages were paid by the private employer in some cases, and by the workshop in others. The enclave system, in addition to creating a work opportunity that was near to "normal" for the handicapped, also was found to be economical when subcontracting to the workshop would have required a difficult transfer of raw materials or machinery to the shop.

Although placement of sheltered workers in the regular work force was seldom a direct objective of the enclave programs, this sometimes was the inadvertent result, as employers observed the functioning ability of the handicapped.

Public employment, either as the traditional outdoor public works or as clerical and other white-collar work, was used in several countries. Wages had to be competitive in this type of work if the opposition of organized labor was to be avoided. Satisfaction was reported to be quite high with the public employment schemes, since the public generally was pleased with the results and the disabled regarded the work as rewarding.

5. Incentives Toward Employment of the Handicapped in Competitive Positions

As observed by our comsultants, programs to stimulate competitive employment of the handicapped center around quota systems, wage subsidies, and other forms of incentives to employers. Quota systems are not uncommon and frequently are proposed for consideration in the United States. There were no reports of real satisfaction with the quota laws, nor was there much evidence of a strong enforcement effort. At best, it was said that the quota laws provide a moral standard or serve to remind employers of a social obligation, or it was thought that the law might provide some revenue in fines from employers, which could be used to finance rehabilitation efforts.

In one instance, a fairly successful scheme of subsidizing the wages of handicapped workers in industry was observed. However, the spokesman believed that the scheme would not greatly increase the employment opportunities for most of the handicapped and expressed concern that the system was subject to employer abuse, even in a heavily regulated economy.

Temporary wage subsidies, similar to those in on-the-job training programs in the United States, also were observed. The general belief was that the approach was useful where there were traditions of stable employment, but that it could lead to abuses where high job-turnover rates are common.

One form of incentive for competitive placement, specifically for sheltered workshop clients, is payment of a fee to the workshop for successful competitive placements. Local representatives believed this scheme to be successful, but there are insufficient data for evaluation or application to the situation in the United States.

6. Maintaining Decent Incomes for the Handicapped.

There are essentially two approaches to maintaining income levels for the disabled--the wage approach and the welfare payment or pension approach. Both systems were observed in the countries visited.

Those that followed a practice of maintaining incomes through wages subsidized sheltered employment of the disabled. The grants were in the form of subsidies to the operations of the workshop, not direct payments to the individual workers. In most instances, individual wages were negotiated--usually through collective bargaining--and were set at a level based on minimum or prevailing wages for comparable work. In these instances, wages generally came close to achieving equity with those of the nonhandicapped in similar work in the competitive sector. The philosophy behind this approach was that handicapped persons working in sheltered employment should be able to support themselves and their families in a reasonable way as a result of their work.

Other nations subsidized employment in sheltered workshops through invalid's pension systems. Often the pensions were granted, on the basis of the severity of the handicap or the degree of incapacitation. Generally, augmentations based on family size also were applied, and a certain amount of earned income was generally exempt from penalty in calculating the pension. The important factor in these schemes, from the point of view of the sheltered workshop client, was the rapidity with which the pension could be adjusted to reflect differences in earnings. Incomes maintained through this system tended to be considerably lower than those subsidized through the wage system. It was reported that the pension system could not be sufficiently responsive to earnings fluctuations; thus, some workers and workshops tended to hold earnings at the maximum level allowable without incurring pension reductions.

It was clear from the international data collected that the level of maintenance for the handicapped in sheltered workshops tended to be greater in most of the countries visited than it is in the United States. Almost all sheltered workshop clients also were recipients of invalid's pensions in the relevant countries, and subsidized wages in workshops were high in the remainder of the countries. The per client expenditure by the central government generally was higher than governmental expenditures for sheltered workshop clients in the United States.

B. Domestic Innovations

Among the most interesting types of innovations observed were innovations in placement techniques; innovations in business management; innovations in occupational orientation; innovations in the use of technology; and innovations in organization for service delivery.

1. Placement

The use of enclaves, group placements, and trial jobs were among the promising new placement techniques. Some workshops have developed conditional placement slots with employers, sometimes using graduated subsidy payments that permit the trial placement of the severely handicapped clients in industry for a transitional period of time. This tends to benefit industry by assuring that marginal jobs will always be filled, and that the extra supervision often needed by marginal workers will, in effect, be supplied by the workshop that is supervising the progress of its clients in the trial jobs. It is useful to the handicapped because it gives them experience with real work. It also gives them a work history, and it frequently enables them to earn prevailing wages.

Enclaves, which are workers placed in industry as a group that usually remains under the supervision of the workshop, have received a limited trial in this country. Where present, they are generally reported as having beneficial effects for both the employer and the sheltered clients. In one case, a workshop program places groups of clients who are paid the prevailing wage rates and who perform regular job tasks, but who have the support of their continued relationship with the program. This type of employment arrangement with long-term supportive involvement of the agency or workshop is particularly suitable to the needs of the emotionally disturbed and also to many of the mentally retarded. For this reason, it may become a more widespread technique.

2. Business Management and Contract Procurement

One recent development in this area appears to be more cooperative action among workshops in the area of contract procurement, as well as in the development of a more sophisticated approach to soliciting contracts. In several states and regions, there are consortia or associations of workshops for the purpose of cooperating on contract procurement, eliminating competition, and enhancing the capacities of all in obtaining contracts. Jointly, they hire contract development specialists to represent all of the workshops. Not infrequently, jobs are subdivided among the workshops so that each may use its own particular skills. To the extent that workshop abilities complement each other, contracts that the workshops would

not otherwise be capable of handling can be obtained. There is also one state association that assists in the development of sound business practices and provides aid with record-keeping, pricing, invoicing, inventorying, production scheduling, quality-control contract procurement, and production methods.

3. Occupational Orientation of Workshops

Many workshops have routinely engaged in benchwork and low-level assembly-type operations when most of the job opportunities for their clients and the best opportunities to earn competitive wages are usually in the service sector. Also, the abilities of many groups of the handicapped may not be geared toward the traditional manufacturing programs. There are a number of workshops experimenting with or utilizing other occupations that seem better suited to some groups of the handicapped and that offer better opportunities for employment. Examples of these are several programs offering training and experience in horticulture and groundskeeping or maintenance for the mentally retarded. These programs have found horticulture or related outdoor work (forestry, farming) to be a positive element in the therapeutic milieu for their clients and also a feasible area in which to obtain contracts.

Other programs experimenting with different occupational areas emphasize rehabilitation through client involvement with actual entrepreneurial goals and with actual business and industrial settings. Thus, the concept of the "workshop without walls" appears to have great value in overcoming many of the limitations of workshops in the variety of job experiences that can be offered through this approach. In programs of this type, clients may do work such as food preparation for institutions and organizations; packing, at an employer's place of business; or porter and stockman services. On a different level, some workshops are concentrating on developing skilled, even professional positions, for some groups of the handicapped. A case in point is a program that is training blind individuals to become tax-information specialists and civil-service information specialists, in preparation for their federal employment. The training of disabled clients to become skilled repair persons also shows promise in that there is generally a demand for competent workers in repair services.

4. Uses of Technology

Industrial engineering assistance meets one of the biggest needs of sheltered workshops. The National Industries for the Blind and the National Industries for the Severely Handicapped provide this type of assistance to workshops that they are helping to qualify for government work under Wagner O'Day provisions.

There is a very unusual program at a university engineering school, which involves the use of engineering technology to refine the methods of testing client capacity, to develop a new model of occupational therapy, and to design new parameters for job modification and adaptation of machinery.

5. Service Delivery Methods

One very promising program in this area has developed a system of satellite workshops from a central, more comprehensive rehabilitation facility. This is useful in areas of low population density, since it permits a complete range of specialized services to be made available, while allowing clients to maintain sheltered employment in their own communities.

Another unique service delivery approach is through the cooperation of several workshops and organizations that provide joint services at one designated facility. Under this system, the various workshops specialize in various program elements or in certain types of disabilities.

IX. RECOMMENDATIONS

The following recommendations are based on those findings and conclusions regarding strengths and weaknesses which were determined from this overall assessment of a sample of sheltered workshops.

A. Workshop Roles

It has been shown that there are three basic roles which workshops perform with varying degrees of success. The first of these roles, that of a rehabilitation agency, involves helping to reduce the number and severity of the problems of the handicapped. It is in fulfilling this role that the workshop is, perhaps, most successful. Workshops were found to make meaningful contributions toward such problem reduction. Practitioners in the workshop field appear to be aware of those techniques which will expedite problem reduction. Workshops with professional staffs, and those whose clients participate in a relatively large number of programs and services are the most successful in reducing client problems. But regular work programs are more successful than WACs, even for the most severely disabled clients.

A second major role of workshops entails the preparation of clients for, and their later placement in, competitive employment. It cannot be said that workshops have obtained a high degree of success in performing this role--at least their rate of success is not sufficient for alleviating clients' income and employment problems and for meeting clients' expectations. Study data indicate, however, that a workshop's placement rate can be enhanced by instituting placement readiness programs and also by generally augmenting the placement effort.

The third workshop role is that of provider of sheltered remunerative employment. The need for workshops to fulfill this role is related to the fact that a significant number of workshop clients apparently will remain unplaced, at least for long periods of time, and that at least some of the reasons for this are beyond the workshop's ability to change in the immediate future. As providers of employment, however, workshops have limited success. Pay levels in workshops are low; they do not begin to approximate the minimum wage. Annual earnings per client are even lower when compared to wages in the competitive sector. The pay levels are not sufficient to obviate the need for other sources of financial support, including public benefit programs. Workshops do not have the flow of work at the prices necessary to produce the income that would be required to raise client wages. This suggests the need for improving client earnings and, at the same time, for providing workshops with incentives to improve their business practices.

Specific recommendations are delineated in the following sections of this chapter.

B. Funding Priorities

DVR referral and grant funds have a positive impact on the performance of sheltered workshops. In particular, funding priorities should be focused on

1. placement readiness and development of a generally enhanced placement program;

2. occupation-oriented training;

3. staff development, including both professional staff and production management staff;

4. absorbing the costs of the rehabilitative elements of extended sheltered employment.

C. The Relationship between Business and Rehabilitation Functions

Workshop goals seem to range from the provision of employment, to the provision of "total" rehabilitation services (the definition of "total" varying according to the client's needs), to the provision of both. Business-oriented workshops usually provide employment or vocational training, while rehabilitation-oriented organizations provide a gamut of adjustment training, evaluation, and supportive services--with vocational training utilized as a therapeutic tool and all services geared toward the ultimate goal of placement for the client.

Evidence gathered in this study supports the view that rehabilitation is enhanced in those facilities in which clients can avail themselves of a large number of programs and services and receive rehabilitative support from professionals. The data also suggest that workshops that evidence business success seem to concentrate on generating income from business rather than from other sources.

It may be the case, then, that some workshop clients are deprived of the opportunity to earn higher wages because of the stress on expenses involved in the rehabilitative process. And some potentially competitive workers may be deprived of the opportunity to find competitive employment, because of stress on maximizing procurement of contracts and cutting down on rehabilitative functions that might adversely affect productivity.

It is therefore recommended that the rehabilitative and business functions be separate functional units--either within an organization or between organizations. That is, if an organization can supply a full gamut of rehabilitative services (including placement readiness training and a variety of occupation-oriented skill programs, and qualified adequate professional staffing for evaluation and training), then it could qualify as a transitional or adjustment training center.

In areas in which these services currently are not or cannot be supplied in sufficient quality, the forms which these transitional centers might take could vary.

1. A cooperative arrangement could be entered into by two or more workshops; by supplementing each other's skills, a satisfactory transitional program might be set up.

2. Another satisfactory arrangement might be obtained by supplementing existing organizational or consortium expertise with resources from other community agencies (e.g., hospitals, educational institutions). Additional staff might be required for this arrangement, or contractual agreements for utilizing other individuals or staff from other facilities might have to be entered into.

3. Another approach might be to set up publicly run transitional centers to serve geographic areas currently not being adequately served.

4. Mobile teams or satellite centers could be set up under the aegis of a transitional center, in order to bring these services to communities that currently cannot be adequately served.

After evaluation and training of clients in the transitional programs or workshops, those clients for whom the possibility of placement in competitive work is limited, or not feasible, may be referred to long-term or extended programs or workshops (if the client desires to be employed). While the client is still the responsibility of the rehabilitation counselor in workshops that have both transitional and extended programs, the client works under the supervision of the extended program's director and staff. In the case of separate extended workshops, the transitional shop refers the client out to the extended facility, but the client is still a client of the transitional workshop.

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Such extended programs and workshops should be business oriented and geared to supplying work and wages for severely disabled clients. In order to insure that the welfare of the clients is adequately guaranteed, the client should be periodically reassessed by an evaluation team from the transitional center or program, perhaps once or twice a year. The evaluation will be used to determine whether the client's overall capability or productivity level has changed. If change has occurred in the latter, a wage adjustment would be recommended. If change has occurred in the former, a referral back to the transitional center or program may be recommended--for further evaluation of the client and, perhaps, further training, or even for competitive placement.

Under this system, the client remains a client of the rehabilitation counselor even after leaving the transitional program or workshop--in order to increase the possibility of maximum rehabilitative success. Supportive services also can be supplied, on a visiting basis, by teams who report to the transitional center and are responsible for servicing all extended workshops that employ clients of the transitional center.

D. Workshop Standards

The federal VR program should take responsibility for ensuring that standards are developed for both transitional and extended workshops and programs.

The federal VR program should also be responsible for ensuring that workshops are required to obtain accreditation from a designated body as a prerequisite not only to the receipt of federal funds, but also to certification by the Department of Labor.

E. Client Incomes

Action should be taken to improve the income of disabled clients of sheltered workshops--either through some form of income supplementation or through taking steps to enhance clients' actual earnings in the workshops, or both.

1. Increasing Clients' Actual Earnings

The approach to raising clients' incomes that appears to be most advantageous would be to enhance their abilities to earn higher wages on the basis of their worth in the shops.

a. RSA should recognize the hidden rehabilitative costs of extended sheltered employment and fund those costs, thus enabling workshops to use more of their business incomes for client wages. Any such funding should be contingent upon a concomitant increase in both total and individual wages.

a. RSA should undertake a substantial program of assisting extended workshops and programs to improve their business performance. This assistance could include technical assistance, training, and staff development in such areas as contract procurement, pricing, cost accounting, production techniques, product development, industrial engineering, supervision, marketing, quality control, budgeting, record-keeping, and general management. The assistance would be to enable workshops to select the types of work, and adopt the work processes that would enable clients and the shop (as a whole) to maximize productivity and thus increase earned income.

It is recognized that NIB and NISH are existing models for technical assistance to improve workshops' business performance, but it is also recognized that these models relate to specialized types of business. Therefore, this recommendation should be subjected to rigorous testing through demonstration projects, before it is implemented widely.

The primary goals of such assistance to workshops should be increased workshop ability to: 1) remunerate clients; 2) place clients; 3) improve the clients' vocational, social, personal and physical adjustments. Thus, the assistance should largely be contingent upon increasing minimum and average wages in workshops.

2. Income Maintenance Programs

Among clients in the sampled workshops, 26 percent are receiving either SSI, OASDI, or AFDC income. (About 10 percent receive SSI.) Over 20 percent of the clients surveyed reported these income sources as their major sources of income at entry. (SSI was the major source of income for 7 percent of the surveyed clients.) Combined, these programs made up the second largest source of support (family and relatives were first).

It is important to note that any income from any source, exclusive of $60.00 per month earnings, reduces the amount of SSI a person may receive. Earnings may also endanger SSI related perquisites such as medical assistance, which is an extremely important benefit for workshop clients.

One means of raising the income of workshop clients is to lessen the degree to which benefits are reduced as a result of earnings. It is recommended, therefore, that SSI benefits not be affected by earnings that are less than one-half the minimum wage (up to $42.00 per week.) Once one-half the minimum wage is achieved, SSI benefits should be reduced gradually, until the workshop client is earning a minimum wage ($84.00 a week or over). Furthermore, the perquisites of SSI coverage, such as medical assistance, should be retained for sheltered workshop clients until a secure earned income above the medical assistance levels is established.

OASDI benefits are reduced only if earnings exceed $630 per quarter. Under present conditions, however, it is only the average client of a workshop for the blind who is likely to reach this earning level. Since unearned income does not result in reduction of benefits, it is only wage-earners who are penalized under the OASDI system.

At present, OASDI recipients in workshops begin to lose benefits if they make much more than 50 percent of the minimum wage. It is recommended that OASDI recipients be permitted to earn up to the minimum wage without a reduction in benefits.

3. Direct Subsidies or Supplements to Client Wages

If a system of direct subsidies or supplements to client wages is to be considered, the feasibility and impact of this approach should be demonstrated through pilot projects, and the effects should be carefully monitored.

4. Tax Waivers

The Internal Revenue Service provides a dual exemption personal deduction for the blind. It is recommended that a similar deduction be allowed for all severely handicapped individuals.

Alternatively, one could consider the tax relief system that is used in some European countries. In this type of system, sheltered employment earnings are exempt from taxes, and the handicapped receive tax relief from, what are in the United States, state and local measures such as property and sales taxes.

F. Work Activities Centers

Regular work program workshops show greater effectiveness than free-standing WACs in all workshop objectives for clients with all levels of severity. Recommendation C should help insure that adequate rehabilitation service is afforded clients of free-standing WACs. WACs provide token earnings (about $500 per client/year) and are least effective at problem reduction, placement, or increase in self-support. Free-standing WACs have not been an effective resource for DVR. (This is not to argue that WACs do not fill an important need in the community, or that the small earnings are not important to the clients, or that WACs are not an appropriate resources for government agencies with other objectives, e.g., mental health or developmental disabilities agencies).

Thus, WACs should be reviewed in terms of recommendation C and, except in WACs in which adequate standards are met, WACs should be utilized as extended employment facilities.

A further problem, however, is that WACs also seem less effective than regular workshops as business enterprises. This may largely be caused by the fact that many WAC employees produce at such a low level. It is therefore recommended that a minimum level (e.g., 30 percent) of productivity be established. If this level is not met within a specified time period, then the client should be referred to a day activity center or some other non-work-oriented institution.

If the client is approaching the minimum productivity level, he can be given a one-year trial in sheltered employment to attempt to reach the 30 percent level. If the 30 percent level is not reached and leveling-off of progress is found, then the client should be referred to a day activity center. If the client shows steady improvement, but has not quite reached 30 percent productivity, a further trial period of perhaps six months might be given.

G. Reporting and Monitoring Systems

It is recommended that a reporting and monitoring system be developed for rehabilitation centers and workshops.

Currently, there is a comprehensive system of statistical reporting on the complete rehabilitation process for every individual coming into contact with that process. However, that system only covers clients who are in state DVR caseloads, and significant proportions of clients in sheltered workshops and rehabilitation centers are not included among state agencies' caseloads (not reported on the RSA-300). These are the clients who receive services supported by the workshop, at no cost, or by other public programs such as those of the Veterans Administration, or those for public welfare, mental health, workers' compensation, etc.

Study findings indicate that almost one-half of the clients (41 percent) in sheltered workshops are non-VR clients. This would imply that, of the estimated 410,800 clients served annually in workshops, there is no reporting on 168,428 clients. This figure does not include the clients of rehabilitation centers.

Basic data are needed to evaluate existing services and to provide the basis for effective planning for future services on a community, state, regional, and national basis. Data also are needed, on a systematic basis, with regard to basic information on the characteristics of clients, and the nature and cost of services provided to them. In addition, comprehensive systematic reporting on data regarding facilities (plant, accreditation, staff, services, finances, etc.) also is required.

The 1965 amendments to the Vocational Rehabilitation Act not only provided for an expansion of the state-federal program for aiding the vocationally disabled but also made available various types of financial assistance to the voluntary organizations and institutions engaged in the field of rehabilitation. The extension of financial support by the Congress to both public and private programs signified a growing awareness of the importance of contributions being made by both sectors on behalf of the nation's disabled. It also signified the necessity for close cooperation between public and private sectors, if the two are to meet the common objective of extending maximum assistance to those in need of rehabilitation services. The extent of the financial support that is provided to the workshops by the state-federal program of vocational rehabilitation (through fees for client services, as well as grants), however, makes it imperative that a comprehensive reporting and monitoring system be established to fill the existing information gap.

The 1973 VR Act also supports the need for development of a reporting system. It specifies that state plans for vocational rehabilitation services must:

> ...provide for continuing statewide studies of the needs of handicapped individuals and how these needs may be most effectively met (including the state's need for rehabilitation facilities) with a view toward the relative need for services to significant segments of the population of handicapped individuals and the need for expansion of services to those individuals with the most severe handicaps.

It has been recommended that studies on states' needs for rehabilitation facilities, (which are mandated by the Act), should address considerations such as those described below.

1. The degree of utilization of existing rehabilitation facilities by the state agency.

2. The degree of utilization of existing facilities by handicapped populations who are not DVR/SAB clients.

3. The geographic distribution of existing facilities in comparison with the geographic distribution of the population of handicapped persons whom the agency is serving at the time of the study.

4. The timeliness of services from the rehabilitation facilities to agency clients.

5. Other factors that may impact on the need to expand ot otherwise or modify existing facilities, or to establish new rehabilitation facilities to help meet the rehabilitation needs of handicapped persons in areas in which there are no facilities.

However, it is only through the development of an effective reporting and monitoring system that the state-federal program of vocational rehabilitation can obtain the basic data to be evaluated and used as the basis for effective planning for facilities. It is strongly recommended, therefore, that RSA sponsor the development of this system on a nationwide basis. When implemented, the system can be utilized:

...in measuring the effectiveness of the rehabilitation program--both in terms of effectiveness over all and effectiveness for target-group populations at federal and state agency levels;

...in describing clients' characteristics and program-related experiences to the Congress, state legislatures, and various public and private agencies and organizations interested in the vocational rehabilitation of the handicapped;

...in providing specific answers to questions that are frequently raised for budgetary, administrative, and informational purposes.

H. The Matching-Fund Formula

The present matching-fund formula is 80-20 (80 percent federal funds and 20 percent state funds). However, all state VR staff report that there is a severe shortage of funds for the development and operation of facilities. The majority of staff responses to a question regarding the needs of sheltered workshops were related to the need for expanded facilities, particularly facilities for extended employment. It is therefore recommended that the federal-state matching formula be changed to 90/10 if a state demonstrates willingness to maintain the past level of effort and use its funds for development, improvement, and operation of facilities related to a known need.

I. Dissemination of Information

Workshop directors complained that there was no regular channel for the dissemination of information about federal grants, preferred bidding, and other special programs. The amount of information available to workshop directors, to a large extent, was a function of the director's relationship with the state and the region. It is therefore recommended that the system for disseminating information from RSA to the workshops be improved.

J. DVR Case Closures

A separate DVR status should be assigned to clients placed in extended sheltered employment. DVR should have an ongoing responsibility for clients placed in workshops. In addition, separate classifications would greatly aid in record-keeping and reporting on the number of clients placed in long-term or "terminal" sheltered employment.

K. Affirmative Action

This study has found that only 10 percent of clients who are trained and/or employed in sheltered workshops gain competitive employment in any one year. While this figure may indicate shortcomings in the placement process, as it currently is operated in the rehabilitation system, it also underscores the need for sheltered workshops as the principal mode of employment for the severely handicapped. The figure also suggests that, perhaps, more can be done to encourage industry both to employ more handicapped individuals and to provide business for sheltered workshops. Affirmative action guidelines is one mechanism whereby the government can exert influence in this direction, and it is recommended that this mechanism be utilized to allow partial fulfillment of affirmative action requirements (evidence of good faith). It is also recommended that affirmative action plan requirements vis-a-vis the handicapped be vigorously implemented and enforced.

L. Diversification of Work

If workshops are truly to fulfill the work needs of handicapped individuals, it is imperative that the types of work opportunities currently available be broadened. The typical workshop, according to study data, offers the client a limited range of work possibilities--primarily in the narrow range of assembly and packaging. While such work may present a situation that is advantageous for adjustment training, there is no reason why any work situation cannot be utilized for such general training, as has been demonstrated in the field and pointed out in the literature.

Evidence accumulated in this study shows that the largest single occupation in which clients are placed is in the service areas, not in manufacturing. In general, labor opportunities in the United States are moving in the same direction. Thus, while clients are being trained generally to adjust to a work situation, they are not being trained for specific jobs or types of jobs. However, occupationally related skill training has a positive effect on increasing the amount of self-support, particularly among a very severely handicapped group (those who had attended special education classes). Instead, only 38 percent of the workshops surveyed indicated the presence of vocational or occupational skill training.

Clients can be more individually served by broadening the work opportunities available and by taking into account their abilities and interests in selecting work and training activities for them. Opportunities for broadening client capabilities should be as extensive as possible within workshops. The proposed funding of the extended employment function could enable workshops to provide more variety.

Workshops can broaden their activities beyond the usual subcontracting work through the area of prime manufacturing. With preferential status under the Wagner O'Day Act now extended to workshops serving all handicapped groups, the opportunity for government business can be enhanced by prime manufacturing capability. This fact has been amply demonstrated by NIB workshops, which have shown considerable success in this area.

The workshop system should be expanded to include not only industrial type in-house work, but also more outdoor projects in parks, grounds, and buildings maintenance and the like. Clerical work could be performed either in a workshop or at a public or private office on a contract basis and under sheltered employment supervision. There also could be enclaves in private plants, where possible, or achievement-type projects of high professional quality, in such places as museums and libraries, as are conducted in Denmark, Sweden, and Holland. Another possibility is utilizing the handicapped to service other handicapped or otherwise disadvantaged citizens, as is done in Milwaukee.

Another approach to the problem of providing diversified work, which has already been attempted with varying success and which might serve to reduce the operational costs and increase the productive return of workshops, is the consortium approach to contract procurement. This approach has two distinct advantages. First, it increases the capability of workshops to fulfill large work orders by dispensing the work among several facilities. If these cooperative efforts succeed, staff can be pooled to form cooperative expertise regarding other business-related areas (e.g., industrial engineering, personnel).

Second, consortia provide a mechanism whereby the workshops can obtain contracts for more complex business (each workshop is responsible for various components of a complex project).

The difficulty with consortia is the same as the difficulty with other such interagency arrangements--there may be differential commitments and efforts on the parts of different agencies to the arrangement. Perhaps this can be overcome by setting up coordinating councils--with representatives from each agency assuming specific responsibilities.

M. Barriers to Employment of the Handicapped

The assumption behind the rehabilitation effort is that all or most handicapped persons are placeable and that all that is needed to accomplish their placement is their vocational rehabilitation. In fact, however, the ability to obtain a job is not merely dependent on a person's job skills. It is also dependent on the community. Full integration of the handicapped into the society of "contributing citizens" is not likely to occur when a high percentage of the nonhandicapped population is unemployed. Under these conditions, the handicapped, as a group, probably will not realize truly equal opportunity for leading the productive lives that their skills and industriousness deserve.

However, it is important to recognize the very real need to continue not only legalistic, but also persuasive and educational techniques. These are key to breaking down the barriers in the competitive sector in order to promote the integration of the handicapped into the labor force in both private industry and all levels of governments.

N. Recommendations for Further Research

1. Longitudinal Study of VR Clients

A major limitation regarding the data obtained is the lack of sufficient baseline data for adequate determination of client growth (or lack of growth) as a function of experience in sheltered workshops. Thus, the major outcomes of sheltered workshops cannot adequately be examined and, where data are available, measurement conditions have not been sufficiently standardized to allow any more than a rough estimate of how clients have changed. By sponsoring a longitudinal study of DVR (and perhaps other) clients referred to sheltered workshops, one could establish baseline data, including measures that could be readministered periodically over time. This procedure could pinpoint systematic change occurring with certain types of clients in certain types of sheltered employment. Furthermore, these changes can be examined in relationship to organizational, service delivery, and other environmental changes that can be documented over the time period of the study. Such a study should follow up clients for at least three years; it also should allow for a large enough sampling to permit conclusions regarding all major types of workshops, all major disability groups, and both long-term and short-term clients.

2. A Study of the Business Practices of Sheltered Workshops

A central issue in the sheltered workshop concept and program is whether a workshop's business practices actually undermine the goals of the workshop by creating conditions under which a client cannot achieve maximum potential productivity, earnings, or employment readiness. Business practices should be analyzed as to: the viability of the product being produced (or service offered); the adequacy of pricing policies; the contract procurement and marketing functions; production engineering; task analysis and job modification; worker assignments; output and quality control; management and business systems; and related factors.

3. A Study of the Impact of Wage Supplements and Subsidies

A demonstration of the impact of wage supplements or subsidies should be undertaken, through pilot projects, and results should be assessed through carefully structured experimental types of studies.

4. A Study of Homebound Work

A study of homebound workers of sheltered workshops (and other homebound workers, if feasible) should be undertaken to determine the adequacy of homebound work in meeting the clients' needs and also the types of programs that would be necessary in order to place homebound workers in other work settings (sheltered or competitive) if such placement should be found desirable.

5. A Study to Analyze the Process by Which Workshops Become Producers

An analysis of the process by which workshops become producers under the Wagner O'Day Act should be undertaken, for the purpose of assessing the actual potential for workshops in this area and determining whether the process is as expedient as possible in furthering and promoting the employment of the disabled--the stated goal of the Act.